

February 2025

CECA NEC4 Bulletin

CECA Member Briefing:

Bulletin Nr 50: Role of records alongside administering NEC contracts

Introduction

Training and development support is a key part of CECA's core offer for its membership and working in conjunction with GMH Planning it has delivered a programme of training events around the NEC Form of Contract across several CECA UK regions.

In addition to this training, a series of monthly NEC Contract Bulletins are being produced for both Contractors and Subcontractors to improve practical awareness on key topics within the NEC. The coverage, whilst not exhaustive, is intended as a general overview on some of the contractual principles to increase a wider understanding in support of more sustainable outcomes.

For the purposes of these bulletins a contractual relationship between a "Client" and "Contractor" is assumed. The same rules/principles also apply if the contractual relationship is between a "Contractor" and a "Subcontractor" and so the term "Contractor" will be used to describe both parties.

These bulletins are based on the latest NEC4 family of contracts, but the same principles and rules would apply where parties are engaged under an NEC3 form of contract.

Coming next month:

Bulletin Nr 51 - Assessing Compensation Events - Forecast or Actual Cost?

Please respond to Lucy Hudson should you require any further information on the CECA NEC4 Bulletins via e-mail: lucyHUDSON@cecasouth.co.uk.

For further advice or guidance on the NEC details please visit www.gmhplanning.co.uk where you will find a wealth of free [NEC Guidance Notes](#), [NEC FAQs](#), and other helpful measures.

Bulletin Nr 50: Role of records alongside administering NEC contracts

The operation of a NEC contract, like any contract, benefits from robust record keeping. This is probably more pertinent with regards to NEC forms of contract owing to its prospective approach to change, along with central role of the programme and forecast applications for payment. This bulletin will consider how the daily diary, resource allocation, and 'planned vs actual' records are essential to the operation of NEC4 and recovery of entitlement.

What is a record? Information relating to a matter or event in time, stored for future reference in a form that can be read and copied. There is plenty to say about record keeping good practice that we won't squeeze into this bulletin. Instead let us consider two types of record:

1. **Quality, Health, Safety and Environmental (QHSE):** Test and inspection results, risk assessments, certification, permits, toolbox talks...
2. **Commercial:** Site diary, daily observations, resource allocation, shift report...



Note: Contract communications do not make the list here, the content of which are covered across numerous other bulletins. A good contract management system is a sensible approach for these aspects as detailed specifically in bulletin 12 (Use of cloud-based systems), but that is a different topic. What we are talking about here is other records that will complement the specific requirements of the contract.

Is the construction industry good at record keeping? It is probably fair to say we are strong at capturing, storing and using QHSE records but weaker at commercial records. Simple paper or electronic stationery works for QHSE, as part of a broader quality management system. In many cases, QHSE is law, a matter of physical safety or environmental protection. Contractors are typically paid to create them.

By difference, there are few penalties if any, for not keeping commercial records. There is plenty of pain when they are inconsistent or missing, but despite this it seems they are the poor relation. Mental health in our industry is impacted by dispute, tight commercial margins, and time critical deadlines. In 2022/23 stress, anxiety, and depression accounted for 49% of work-related ill-health, resulting in 17.1 million working days lost (HSE - all industries).

Why do we need commercial records? Records fuel the contractual NEC4 processes. They help justify actuals and support forecasts. Without records the Contractor is exposed to (amongst other things), Disallowed Cost, infrequent programme acceptance, push back on compensation event quotations and challenges to applications for payment.

Better commercial records result in robust justification of actuals, and productivity insights provide confidence in forecasts. This results in smoother contract administration, fewer disputes, project manager assessments, revised quotation instructions and rejected programmes.

It also helps cashflow and margin. A stronger narrative backed by 'planned vs actual' analysis helps to demonstrate delay and disruption effects. Where a standard method of measurement is used and records are appropriately structured, methods such as the 'measured mile' can add compelling weight to the assessment of compensation events, including the provision of future time risk allowance.

Capturing delay, standing time and the reasons for any difference between planned and actual, is a great way to build credibility with Clients. Being able to map the whole by saying 'X' was due to equipment failure and material availability, whilst 'Y' was due to access issues, changes to scope and physical conditions, etc, is a contractual 'superpower'.

How do we achieve this? There are several areas to consider.

1. **Value your shift supervisors.** They are your eyes and ears. Make them feel valued and they will give you more. Ensure they understand the 'why.' Over 4,300 construction



firms went insolvent in the 12-month period to August 2024. Shift supervisors collect the records that ensure Contractors should get paid for everything, in full and on time. Don't make the only time you call them to chase for missing records. Invest up front in their duties, systems, training and support.

2. Plan every shift in advance. Typically, the people, equipment and materials are there. Committing a plan to record helps focus this task. It gives shift supervisors a baseline to record exceptions and variances between planned and actual. Where a commercial record management system is used, this can be linked to rolling programmes and a standard method of measurement. It will save your shift supervisor an hour or more filling in resources. Some of this time can be used to capture richer information, context and narrative.
3. Use a Standard Method of Measurement. Doing so will provide significant benefit when forecasting, reporting and bidding future work. A structured repository of commercial records will provide a set of productivity insights, like a personalised SPONS (price estimating book). It will afford opportunity for efficiencies, benchmarking and continuous improvement. All extremely useful to bidding and estimating teams.
4. Consider a Commercial Record Management System. Commercial records benefit from being captured and stored in a structured way. Site office teams will need partial elements of multiple records, aggregated quickly in support of compensation events or payment queries. Systems designed for QHSE management are seldom appropriate for this task. This would be in addition to (yet compliment) a standard cloud-based tool that would focus on the specific NEC contractual requirements.

Summary. Capturing, storing and using commercial records comes with specific challenges. Modern contracts require timely administration with a mix of actual and forecast assessment. Investing in the planning, recording and reporting of shift data promises to improve the commercial health of projects. Fewer disputes and smoother contract administration should result in improved mental health and greater opportunity to contribute value.